

**AN
ORDINANCE
of the City Council of the City of Berkley, Michigan to amend Section 114-27
Authorization and Establishment of Workforce Housing Exemption of Article III,
Workforce Housing PILOT of Chapter 114 Taxation, of the City of Berkley Code of
Ordinances to clarify that annual shelter rent payments less than 10% are permitted, as
authorized by provisions of the State Housing Development Authority Act of 1966, Public
Act 346 of 1966. MCL 125.1401, et seq.**

**THE CITY OF BERKLEY
ORDAINS:**

SECTION 1: Chapter 114 of the Berkley City Code is amended, as follows:

Chapter 114 TAXATION

Article I – Article II [Unchanged.]

ARTICLE III. WORKFORCE HOUSING PILOT

SECTION 114-24. Title - SECTION 114-26 Definitions. [Unchanged.]

SECTION 114-27. Authorization and Establishment of Workforce Housing Exemption.

- (A) The class of housing projects to which the tax exemption applies and for which a service charge may be paid in lieu of all ad valorem property taxes are housing projects being developed or rehabilitated for workforce housing.
- (B) Subject to the recording of a Restrictive Covenant, workforce housing and the property on which such housing is or will be located is exempt from all ad valorem property taxes as of December 31 of the year in which construction or rehabilitation commences. Construction must start within one year of the date of the Authority's notification of exemption or such longer period of time as may be provided by the PILOT Resolution.
- (C) The City of Berkley will accept payment of an annual service charge in lieu of all ad valorem property taxes for public services from the owner of a housing project for which the City of Berkley has received a certified notification of exemption from the Authority in accordance with the following:

(1) Subject to subsections (D), (E) and (F), for a new construction project, an amount that is the greater of the tax on the property on which the project is located for the tax year proceeding the date on which the construction is commenced or up to 10% of the Annual Shelter Rent obtained from the project.

(2) Subject to subsections (D), (E) and (F), for a rehabilitation project, an amount that is the lesser of the tax on the property on which the project is located for the tax year proceeding the date on which rehabilitation is commenced or up to 10% of the Annual Shelter Rent obtained from the project.

(3) The service charge paid in lieu of taxes shall not exceed the amount in ad valorem taxes that the Sponsor would have otherwise paid if the workforce housing project were not tax exempt.

(D) Notwithstanding the provisions of MCL 125.1415a(3)(b) and 125.1415a(7) to the contrary, upon the adoption of a PILOT Resolution and receipt of a certified notification of exemption from the Authority, a contract is be deemed effected between the City of Berkley and the Sponsor, to provide a tax exemption and accept service charge payments in lieu of taxes as previously described by this section.

(E) Notwithstanding subsection (C), the service charge paid each year in lieu of taxes for that part of a workforce housing project that is tax exempt under this ordinance but not used for workforce housing must be equal to the full amount of the taxes that would be paid on that portion of the project as if the project were not tax exempt. The owner of the project must allocate the benefits of any tax exemption granted pursuant to this ordinance exclusively to workforce housing or to the maintenance and preservation of the housing project as a safe, decent, and sanitary workforce housing.

(F) The annual service charge under subsection (C) for a workforce housing project for which a PILOT Resolution has been adopted must be increased by the Additional Amount if both of the following requirements are met:

(1) Not later than 45 days after the County Treasurer's receipt of the certified notification of exemption, the County Board of Commissioners passes a resolution, by majority vote, that provides that the Additional Amount must be paid.

(2) The approval of the resolution described in subparagraph (1) is in accordance with an ordinance or resolution adopted by the County Board of Commissioners establishing the factors to be considered when assessing whether the Additional Amount must be paid.

SECTION 114-28. Workforce Housing Exemption Application, Review and Approval Process. –
SECTION 114-31. Duration and Recorded Restrictive Covenant. [Unchanged.]

SECTION 2: Severability Clause

Should any word, phrase, sentence, paragraph, or section of this Ordinance be held invalid or unconstitutional, the remaining provisions of this ordinance remain in full force and effect.

SECTION 3: Penalty

All violations of this ordinance are municipal civil infractions and upon determination of responsibility therefore are punishable by a civil fine of not more than \$500, and/or such other sanctions and remedies as prescribed in Article IX of Chapter 82 of the Code of Ordinances.

SECTION 4: Effective Date

This Ordinance becomes effective 30 days following the date of adoption.

SECTION 5: Publication

The City Council directs the City Clerk to publish a summary of this ordinance in compliance with Public Act 182 of 1991, as amended, and Section 6.5 of the Berkley City Charter.

Introduced on the First Reading at the Regular City Council Meeting on Monday, October 20, 2025.

Adopted on the Second Reading at the Regular City Council Meeting on Monday, November 17, 2025.

Bridget Dean, Mayor

Attest:

Victoria E. Mitchell, City Clerk